

required reserve balance will be imposed by the Reserve Bank on the correspondent maintaining the account.

(iii) Each correspondent is required to maintain detailed records for each of its respondents in a manner that permits Federal Reserve Banks to determine whether the respondent has provided a sufficient required reserve balance to the correspondent. A correspondent passing through a respondent's reserve balance shall maintain records and make such reports as the Board or Reserve Bank requires in order to insure the correspondent's compliance with its responsibilities for the maintenance of a respondent's reserve balance. Such records shall be available to the Reserve Banks as required.

(iv) The Federal Reserve Bank may terminate any pass-through relationship in which the correspondent is deficient in its recordkeeping or other responsibilities.

(v) Interest paid on supplemental reserves (if such reserves are required under § 204.6) held by a respondent will be credited to the account maintained by the correspondent.

§ 204.9 [Amended]

3. In section 204.9, the reference in paragraph (b) to "§ 204.3(a)(3)" is revised to read "§ 204.3(a)(2)".

By order of the Board of Governors of the Federal Reserve System, August 4, 1997.

William W. Wiles,

Secretary of the Board.

[FR Doc. 97-20957 Filed 8-7-97; 8:45 am]

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INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

Agency for International Development

22 CFR Part 201

[AID Reg. 1]

RIN 0412-AA-34

Rules and Procedures Applicable to Commodity Transactions Financed by USAID: Inspection and Price Provisions

AGENCY: Agency for International Development, IDCA.

ACTION: Proposed rule.

SUMMARY: The U.S. Agency for International Development (USAID) proposes to amend the regulation to implement the requirement for preshipment inspection of commodities and to simplify the current rules on maximum prices for commodities. USAID previously employed post-audit

procedures to assure that commodities and related services financed under its programs were not over priced by suppliers. The purpose of preshipment inspection is to complete the price review prior to shipment, rather than after the fact, and when determined necessary, to complete a physical inspection of the commodities being financed. The purpose of the proposed amendment to the price rules for commodities is to make it easier for suppliers to understand and bring it into line with commercial practices used by preshipment inspection firms that will be contracted to carry out the preshipment inspection program.

DATES: Comment Deadline: October 7, 1997.

ADDRESSES: Send comments to Kathleen J. O'Hara, Office of Procurement Policy Division (M/OP/PP), USAID, Room 1600 A, Washington, DC 20523-1435.

FOR FURTHER INFORMATION CONTACT:

Kathleen J. O'Hara, Office of Procurement, Procurement Policy Division (M/OP/PP), USAID, Room 1600 A, Washington, DC 20523-1435. Telephone (703) 875-1534, facsimile (703) 875-1243.

SUPPLEMENTARY INFORMATION: As part of USAID's re-engineering process, a decision has been taken to revise the procedure it uses to assure that the prices paid to suppliers under transactions financed by Commodity Import Programs are fair and reasonable. Currently, this is being done through a post-audit function within USAID. The purpose of this proposed amendment is to implement a preshipment inspection program which would essentially replace the post-audit function. The preshipment inspection services will be carried out by a private contractor, under a contract with USAID.

The specific changes being proposed would add a definition for "preshipment inspection," amend the coverage on responsibilities of importers and suppliers to add requirements concerning preshipment inspection, add a new § 201.48 establishing the requirement for preshipment inspection, and add the requirement for a "clean" inspection report to the list of documents that the supplier must furnish in order to receive payment from USAID in § 201.52(a).

Preshipment inspection will include a price review, and USAID proposes to revise its rules on maximum prices for commodities to be more in line with the commercial practices used by the preshipment inspection firms. The basic prevailing market price test would be reformulated; the method for constructing an allowable price in the

absence of comparable sales in § 201.63(e) would be removed since it does not agree with commercial practices established between preshipment inspection firms and the World Trade Organization; and the supplier's comparable export price test in § 201.63 (c) would also be removed. Various changes in subpart G, Price Provisions, implement the new rules.

USAID has determined that this proposed rule is not a significant regulatory action under Executive Order 12866. The rule has been reviewed in accordance with the requirement of the Regulatory Flexibility Act. USAID has determined that the proposed rule will not have a significant economic impact on a substantial number of small entities, and, therefore, a Regulatory Flexibility Analysis is not required. The additional documentation requirement will be submitted to OMB for approval as required by the Paperwork Reduction Act.

List of Subjects in 22 CFR Part 201

Administrative practice and procedure, Commodity procurement—foreign relations.

For the reasons set out in the preamble, 22 CFR part 201 is proposed to be amended as follows:

1. The authority citation continues to read as follows:

Authority: 22 U.S.C. 2381.

2. Section 201.01 is amended to add a new paragraph (dd) as follows:

§ 201.01 Definition.

* * * * *

(dd) *Preshipment inspection* means a review by the designated USAID contractor of all costs associated with a transaction and, where applicable, a physical inspection of the commodity, including packaging and packing.

3. Section 201.21 is amended by removing "and, where appropriate," from the end of paragraph (c); by removing the period from the end of paragraph (d) and adding ";" in its place; and by adding a new paragraph (e) as follows:

§ 201.21 Notice to supplier.

* * * * *

(e) The USAID requirement in § 201.31(j) for preshipment inspection, when applicable.

4. Section 201.31 is amended to add a new paragraph (j) as follows:

§ 201.31 Suppliers of commodities.

* * * * *

(j) *Preshipment inspection*. As applicable, the supplier shall be responsible for coordinating the preshipment inspection of the

commodity with the contractor designated by USAID. In the case of a physical inspection of the commodity, the supplier shall make the commodity available to the contractor's inspector and, when applicable, in a condition for operational testing. The supplier shall provide reasonable assistance to the inspector in completing the inspection, to include, but not limited to, unpacking, packing, weighing, etc. Any costs associated with making the commodity available for inspection will be for the account of the supplier.

5. Section 201.48 is added to read as follows:

§ 201.48 Preshipment inspection of commodities.

For each shipment under a purchase contract with an f.o.b. value in excess of \$100,000, a preshipment documentary inspection is required. For each shipment under a purchase contract with an f.o.b. value in excess of \$1,000,000, a full preshipment inspection, to include a physical inspection, is required unless USAID determines in writing to limit the inspection to a review of the documentation for the transaction. USAID may also require documentary and/or physical inspections in other situations.

6. Section 201.52 is amended to remove "(8)" in paragraph (a), introductory text, and add "(9)" in its place and to add a new paragraph (a)(9) to read as follows:

§ 201.52 Required documents.

(a) * * *

(9) *Pre-shipment inspection report.* When required in the letter of credit, direct letter of commitment, or other payment document, one signed original of the "clean" inspection report, issued by the inspection firm designated by USAID to undertake preshipment inspections.

* * * * *

7. Section 201.60 is amended by revising paragraph (c) as follows:

§ 201.60 Purpose and applicability of this subpart.

* * * * *

(c) *Compliance.* Compliance with this subpart G and with any additional price requirement contained in the implementing document shall be a condition to the financing by USAID of procurement transactions under this part. Preshipment inspection of the commodities will include a price review for compliance. Additionally, USAID may post-audit transactions to determine that there has been compliance.

8. Section 201.63 is amended by removing paragraphs (c), (d) and (e); by redesignating paragraphs (f) and (g) as paragraphs (c) and (d), respectively; by removing "(f)(1)" from the newly redesignated paragraph (c)(2) and adding "(c)(1)" in its place, and by revising paragraphs (a) and (b) as follows:

§ 201.63 Maximum prices for commodities.

(a) *Prevailing export market price.* (1) The purchase price of a commodity shall not exceed the prevailing export price range in the country of supply for comparable goods sold under comparable terms of sale. If there are no export sales of comparable goods, then the purchase price shall not exceed the prevailing domestic price range in the country of supply for comparable goods, adjusted upward or downward by the appropriate export differential. The prevailing price range, whether export or domestic, shall be determined through analysis of prices during a reference period prior to the date the purchase price for the USAID-financed transaction was fixed. The analysis identifies the applicable range of prices which the ex-factory or f.o.b. price of the commodity shall not exceed.

(2) The purchase price of a commodity from a source outside the United States shall also not exceed the prevailing export price range in the United States for comparable goods sold under comparable terms of sale, as determined in paragraph (a)(1) of this section, adjusted for differences in the cost of transportation to destination when applicable.

(b) Paragraph (a) of this section shall not apply to the purchase price:

- (1) In any sale under formal competitive bid procedures; or
- (2) In any sale of a commodity generally traded on an organized commodity exchange.

* * * * *

9. In § 201.64, paragraph (a) is revised to read as follows:

§ 201.64 Application of the price rules to commodities.

(a) *Calculation of commodity prices on a common basis.* In testing whether the purchase price of a commodity complies with the requirements of § 201.63(a) it is necessary to insure that the price being tested as well as the prices being used as a test or measurement are calculated on the basis of delivery alongside or on board the vessel or other export conveyance. Therefore, in addition to the price of the commodity at an internal point in the source country, prices will include transportation from that point to the

port of export in the source country and, to the extent not already included in the price at the internal point, inspection, export packing, forwarder's fees at customary rates, the cost of placing the commodities on board the vessel or export conveyance (unless this cost is covered in the export freight), and other necessary costs customary in the trade.

§ 201.64 [Added]

9. In § 201.64, paragraph (b)(1) is amended by removing "(c), (d) and (e)," and paragraph (c) is amended by removing "(f)(1)", "(f)(1)(i)" and "(f)(2)" from wherever they appear in and adding "(c)(1)", "(c)(1)(i)" and "(c)(2)", respectively, in their places.

Dated: June 26, 1997.

Marcus L. Stevenson,
Procurement Executive.

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DEPARTMENT OF THE INTERIOR

Office of Surface Mining Reclamation and Enforcement

30 CFR Part 914

[SPATS No. IN-139-FOR]

Indiana Abandoned Mine Land Reclamation Plan

AGENCY: Office of Surface Mining Reclamation and Enforcement (OSM), Interior.

ACTION: Proposed rule; public comment period and opportunity for public hearing.

SUMMARY: OSM is announcing receipt of a proposed amendment to the Indiana abandoned mine land reclamation plan (hereinafter referred to as the "Indiana plan") under the Surface Mining Control and Reclamation Act of 1977 (SMCRA). The proposed amendment consists of revisions to the Indiana plan pertaining to procedures for ranking and selecting reclamation projects, coordination with other programs, reclamation of private land, public participation policies, organization of designated agency, Applicant/Violator System (AVS) requirements, flora and fauna of southwestern Indiana, and the emergency reclamation program. The amendment is intended to revise the Indiana plan to be consistent with the corresponding Federal regulations and SMCRA.

DATES: Written comments must be received by 4:00 p.m., e.s.t., September 8, 1997. If requested, a public hearing on the proposed amendment will be